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[Proposed] Attorneys for Debtors and  
 Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA  
 SOUTHERN DIVISION

In re:

THE RHODES COMPANIES, LLC, aka  
 "Rhodes Homes," et al.,<sup>1</sup>

Debtors.

Affects:

- ☒ All Debtors  
☐ Affects the following Debtor(s)

Case No.: BK-5-09-14814-LBR  
 (Jointly Administered)

Chapter 11

**DECLARATION OF JAMES I. STANG IN  
 SUPPORT OF APPLICATION OF  
 DEBTORS AND DEBTORS IN  
 POSSESSION TO EMPLOY PACHULSKI  
 STANG ZIEHL & JONES LLP AS  
 GENERAL BANKRUPTCY NUNC PRO  
 TUNC TO THE PETITION DATE**

<sup>1</sup> The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No.

1 I, James I. Stang declare as follows:

2 1. I am a partner in the firm of Pachulski Stang Ziehl & Jones LLP ("PSZ&J" or the  
3 "Firm"), located at 10100 Santa Monica Boulevard, 11th Floor, Los Angeles, California 90067.  
4 This Declaration is submitted in support of the *Application of Debtors and Debtors in Possession to*  
5 *Employ Pachulski Stang Ziehl & Jones LLP as General Bankruptcy Nunc Pro Tunc to the Petition*  
6 *Date* (the "Application"), which is being submitted concurrently herewith.

7 2. Neither I, the Firm, nor any partner, of counsel or associate thereof, insofar as I have  
8 been able to ascertain, has any connection with the above-captioned debtors (collectively,  
9 the "Debtors"), their creditors equity security holders, or any other parties in interest, or their  
10 respective attorneys, in any matter relating to the Debtors or their estates, except as set forth below.

11 3. Lehman Commercial Paper, Inc., one of the Debtors' lenders, is a current client of the  
12 Firm on matters unrelated to the Debtors.

13 4. The Firm is currently general bankruptcy counsel to WL Homes LLC, a chapter 11  
14 bankruptcy case pending in the United States Bankruptcy Court for the District of Delaware.  
15 Rhodes Design and Development Corp. is listed as a creditor of WL Homes LLC. Should there be  
16 any claims asserted by WL Homes LLC against Rhodes Design and Development Corp., such claims  
17 shall be handled by the Debtors' Nevada counsel, Zachariah Larson of Larson & Stephens.

18 5. Wells Fargo and General Electric Capital Corp., which are secured creditors of the  
19 Debtors, are former clients of the Firm on matters unrelated to the Debtors.

20 6. PSZ&J represents many committees, whose members may be creditors in the  
21 Debtors' chapter 11 cases; however, PSZ&J is not representing any of those entities in these cases  
22 and will not represent any members of these committees in any claims that they may have  
23 collectively or individually against the Debtors.

24 7. To the best of my knowledge, neither the Firm nor any of its partners, of counsel, or  
25 associates is a creditor, equity security holder, or an "insider" of the Debtors as that term is defined  
26 in section 101(31) of the Bankruptcy Code.

27  
28 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-  
14884); and Pinnacle Grading, LLC (Case No. 09-14887).

1           8.       PSZ&J is a “disinterested person” as that term is defined in section 101(14) of title 11  
2 of the United States Code (the “Bankruptcy Code”) in that PSZ&J, its partners, of counsel and  
3 associates:

- 4               a.       are not creditors, equity security holders or insiders of the Debtors;  
5               b.       are not and were not, within 2 years before the date of the filing of the  
6 petitions, a director, officer or employee of the Debtors; and  
7               c.       do not have an interest materially adverse to the interest of the estates or of  
8 any class of creditors or equity security holders, by reason of any direct or indirect relationship to,  
9 connection with, or interest in, the Debtors, or for any other reason.

10           9.       PSZ&J and certain of its partners, of counsel and associates may have in the past  
11 represented, and may currently represent and likely in the future will represent creditors of the  
12 Debtors in connection with matters unrelated to the Debtors and these cases. At this time, PSZ&J is  
13 not aware of such representations, except as disclosed above. PSZ&J will be in a position to identify  
14 with specificity any such persons or entities when lists of all creditors of the Debtors have been  
15 reviewed and will make any further disclosures as may be appropriate at that time.

16           10.      The undersigned is not aware of any relationship as a “relative” with any U.S.  
17 Bankruptcy Judge in this District or with the United States Trustee that would be subject to the  
18 requirements of Bankruptcy Rule 5002(b).

19           11.      The Firm was retained by the Debtors prior to the Petition Date. A copy of the  
20 Retention Agreement is attached to the Application as Exhibit A. PSZ&J began providing services  
21 to the Debtors on December 12, 2008, including, but not limited to, negotiating an out of court  
22 workout agreement with creditors of the Debtors and affiliated entities, preparing for the filing of the  
23 chapter 11 Cases and advising the Debtors regarding the formulation of a plan of reorganization.

24           12.      The Firm has served as general bankruptcy counsel to debtors in a great number of  
25 chapter 11 cases and to a wide range of debtors in various industries. In addition, the Firm has  
26 served as counsel to unsecured creditors’ committees in numerous chapter 11 cases. The Firm also  
27 has extensive experience in representing individual creditors, special interest committees, asset  
28 purchasers, and investors in both in and out of court restructurings. The Firm’s depth of experience

1 in bankruptcy makes it particularly qualified to represent the Debtors. The Firm is also general  
 2 bankruptcy counsel to homebuilders in the following chapter 11 cases: *In re Empire Land, LLC, et*  
 3 *al.*, 6:08-14592 (MJ)(Central District of California); *In re WL Homes LLC, et al.*, DE 09-10571  
 4 (BLS); *In re Dunmore Homes, CA* 08-20569 (TH); and *In re Woodside Homes, TN* 08-07254 (GP);  
 5 and bankruptcy counsel to the unsecured creditors' committee in *In re Landsource Communities*  
 6 *Development*, DE 08-11111 (KJC).

7 13. PSZ&J has received advance payments from the Debtors during the year prior to the  
 8 Petition Date in the amount of \$1,149,893, including the Debtors' aggregate filing fees for these  
 9 Cases. in connection with its prepetition representation of the Debtors (the "Advance Payment  
 10 Retainer"). PSZ&J is current as of the Petition Date and \$925,719 remains under the Advance  
 11 Payment Retainer as of the Petition Date. The Advance Payment Retainer is not a fixed price for  
 12 counsel's services, and the Firm reserves the right to seek additional compensation beyond the  
 13 amounts covered by the Advance Payment Retainer in accordance with applicable provisions of the  
 14 Bankruptcy Code and Bankruptcy Rules.

15 14. PSZ&J intends to apply for compensation for professional services rendered in  
 16 connection with these chapter 11 cases subject to approval of this Court and compliance with  
 17 applicable provisions of the Bankruptcy Code, on an hourly basis, plus reimbursement of actual,  
 18 necessary expenses and other charges incurred by the Firm. The attorneys currently expected to be  
 19 principally responsible for the Cases, and their respective hourly rates effective as of March 1, 2009,  
 20 are as follows: James I. Stang (\$795), Shirley S. Cho (\$595) and Werner Disse (\$495). The hourly  
 21 rate for Michael Matteo, the paralegal assigned to the Cases, is \$195. A copy of the backgrounds of  
 22 the Firm's attorneys currently assigned to the Debtors' cases is attached to the Application as Exhibit  
 23 B. Other attorneys and paralegals may from time to time serve the Debtors in connection with the  
 24 matters herein described. The hourly rates set forth above are subject to periodic adjustments to  
 25 reflect economic and other conditions.

26 15. The hourly rates set forth above are PSZ&J's standard hourly rates for work of this  
 27 nature. These rates are set at a level designed to fairly compensate PSZ&J for the work of its  
 28 attorneys and paralegals and to cover fixed and routine overhead expenses. It is PSZ&J's policy to

1 charge its clients in all areas of practice for all other expenses incurred in connection with the  
 2 client's case. The expenses charged to clients include, among other things, conference call and  
 3 telecopier toll and other charges, mail and express mail charges, special or hand delivery charges,  
 4 document retrieval, photocopying charges, charges for mailing supplies (including, without  
 5 limitation, envelopes and labels) provided by PSZ&J to outside copying services for use in mass  
 6 mailings, travel expenses, expenses for "working meals," computerized research, transcription costs,  
 7 as well as non-ordinary overhead expenses such as secretarial and other overtime. PSZ&J will  
 8 charge the Debtors for these expenses in a manner and at rates consistent with charges made  
 9 generally to PSZ&J's other clients. PSZ&J believes that it is fairer to charge these expenses to the  
 10 clients incurring them than to increase the hourly rates and spread the expenses among all clients.

11 16. It is contemplated that the Firm will seek interim compensation during the cases as  
 12 permitted by sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016. The Firm  
 13 understands that its compensation in the Cases is subject to the prior approval of this Court. No  
 14 compensation will be paid except upon application to and approval by this Court after notice and a  
 15 hearing in accordance with sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule  
 16 2016.

17 17. No promises have been received by the Firm or by any partner, of counsel or  
 18 associate thereof as to compensation in connection with this case other than in accordance with the  
 19 provisions of the Bankruptcy Code. The Firm has no agreement with any other entity to share with  
 20 such entity any compensation received by the Firm in connection with these chapter 11 cases, except  
 21 among the partners, of counsel and associates of the Firm.

22 I declare under penalty of perjury under the laws of the state of California that the foregoing  
 23 is true and correct.

24 Executed this 10th day of April, 2009, in Los Angeles, California.

25  
 26 /s/ James I. Stang  
 27 James I. Stang  
 28